

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE & FARMERS WELFARE
DEPARTMENT OF AGRICULTURE & FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO. 419
TO BE ANSWERED ON THE 4th February, 2025

PROPOSAL FOR MINIMUM SUPPORT PRICE INFRASTRUCTURE

419. SHRI ARVIND GANPAT SAWANT:
SHRI SANJAY HARIBHAU JADHAV:
SHRI BALWANT BASWANT WANKHADE:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

(a) whether the Government proposes to give legal guarantee to the Minimum Support Price (MSP), as demanded by farmers' unions, if so, the details thereof and if not, the reasons therefor;

(b) whether there is a shortage of MSP infrastructure in some States, if so, the reasons therefor;

(c) whether the Government proposes to create MSP related infrastructure in all the States so that farmers can easily transport their produce to godowns, if so, the details thereof and if not, the reasons therefor;

(d) whether providing credit facilities to farmers is necessary so that they are not compelled to take advance money from middlemen and sell their produce at lower prices; and

(e) if so, the steps taken by the Government in this regard?

ANSWER

THE MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण राज्य मंत्री (SHRI RAM NATH THAKUR)

(a): Every year, Government fixes Minimum Support Prices (MSPs) for 22 mandated agricultural crops for the country as a whole, based on the recommendations of Commission for Agricultural Costs & Prices (CACP), after considering the views of State Governments and Central Ministries/Departments concerned. The Union Budget for 2018-19 had announced the pre-determined principle to keep MSPs at levels of one and half times of the cost of production. Accordingly, Government had increased MSPs for all mandated Kharif, Rabi and other Commercial crops with a minimum return of 50 percent over all India weighted average cost of production from year 2018-19 onwards.

To make Minimum Support Prices (MSPs) more effective and transparent, a committee has been constituted on 12th July 2022. The subject matter of the committee also includes (i) Suggestions on practicality to give more autonomy to Commission for Agricultural Costs and Prices (CACPC) and measures to make it more scientific, and (ii) To strengthen the Agricultural Marketing System as per the changing requirements of the country to ensure higher value to the farmers through remunerative prices of their produce by taking advantage of the domestic and export opportunities. The meetings of this committee are being organized regularly and till date, 6 meetings have been held. Additionally, 39 meetings of various sub-committees have also been held.

(b) to (c): In order to improve storage facilities, Government is implementing Agricultural Marketing Infrastructure (AMI), a sub-scheme of the Integrated Scheme for Agricultural Marketing (ISAM) under which assistance is provided for the construction/ renovation of godowns/ warehouses in the rural areas in the States to enhance the storage capacity for agriculture produce. Under the scheme, Government provides subsidy at the rate of 25% and 33.33% on capital cost of the project based on the category of eligible beneficiary.

Since inception of scheme i.e from 01.04.2001 and up to 31.10.2024, a total of 48,611 storage infrastructure projects (Godowns) in 27 States, with storage capacity of 9.44 crore Metric Tonnes have been sanctioned under the scheme and subsidy of Rs. 4795.47 crore has been released.

In order to abridge the existing infrastructure gaps and mobilize investment in agriculture infrastructure, Agriculture Infrastructure Fund (AIF) was launched under Aatmanirbhar Bharat Package during July 2020. AIF is a medium - long term debt financing facility to be financed by lending institutions for investment in viable projects for post-harvest management infrastructure and community farming assets through incentives and financial support.

Under the scheme, ₹1 Lakh Crore loan is provided by banks and financial institutions with the interest rate capped at 9%. All loans under this financing facility have interest subvention of 3% per annum up to a limit of ₹2 crores. This interest subvention is available for a maximum period of 7 years. In case of loans beyond ₹2 crores, interest subvention is limited up to ₹2 crores.

As on 26.1.2025, Rs. 56334 Crore have been sanctioned for 92393 projects under AIF, out of this total sanctioned amount , ₹41996 crore is covered under scheme benefits. These sanctioned projects have mobilized an investment of Rs.91856 crores in agriculture sector. Major projects sanctioned under AIF include 24,477 custom hiring centres, 19,030 primary processing units, 14,727 warehouses, 3,430 sorting & grading units, 2,190 cold store projects, around 28,539 other kinds of post-harvest management projects and viable farming assets.

(d) & (e): Government of India has taken several steps to enhance access to easy credit to farmers. Government announces annual target of agriculture credit every year. The Ground Level Credit (GLC) has shown consistent progress over the years and is at Rs. 25.49 lakh crore in 2023-24. With Government efforts institutional credit in agriculture has shown significant improvement and is at 75% in 2022, as per survey reports.

Government is providing Kisan Credit Card (KCC) to farmers through Banks for improving easy access to agriculture credit so that farmers may use them to readily purchase agriculture inputs such as seeds, fertilizers, pesticides etc. and draw cash for their production needs.

Government is implementing Modified Interest Subvention Scheme (MISS) with a view to provide short term Agri-loans through KCC to the farmers at concessional rate of interest. Under the scheme, farmers are given upfront interest subvention of 1.5%. Therefore, short term crop loan upto ₹3.00 lakh become available to farmers engaged in Agriculture and other allied activities at an interest rate of 7%. Additional 3% subvention is also given to the farmers for prompt and timely repayment of loans; thus the effective rate of interest comes down to 4% per annum. Some State governments also top up the interest subsidy to bring it further down.

To protect the farmers against distress sale of their produce, the benefit of Interest subvention (IS) is also available for post-harvest loans against Negotiable Warehouse Receipts (NWRs) which is given at par with the interest subvention on crop loans for a further period of six months post-harvest to small and marginal farmers (SMFs) having Kisan Credit Cards (KCCs).
